



May 1, 2025

VIA FEDERAL EXPRESS AND E-MAIL (salim.makhlof@gmail.com)

Salim Michel Makhlof
Lotus & The Rooster Holdings Company
251 S. Pitt Street
Carlisle, PA 17013

**Re: NOTICE OF TERMINATION
Franchise Agreements Between Koala Insulation Franchisor, LLC
And Lotus & The Rooster Holdings Company, Dated March 15, 2022 and
October 11, 2023**

Dear Mr. Makhlof:

This letter will serve to confirm that Franchisee Lotus & The Rooster Holdings Company ("Franchisee") has failed to cure the defaults to the parties' Franchise Agreements, dated March 15, 2022 and October 11, 2023, within the prescribed time, as described in the Notice of Default, dated March 24, 2025.

Accordingly, this letter shall serve as formal notice that the subject Franchise Agreements are hereby terminated, effective May 1, 2025 ("Termination Date") and that you, both in your individual capacity and as Guarantor of Franchisee, **remain obligated to Franchisor for all your post-termination obligations under the Franchise Agreements**. For a complete list of all the post-termination obligations, you should carefully review the terms of the Franchise Agreements. The post termination obligations include, but are not limited to, the following:

- Immediately pay Franchisor all monies owed to it under the Franchise Agreements. **This includes \$180,850.32 in liquidated damages, as well as \$27,990.91 in unpaid royalties to date;**
- Immediately cease and forever discontinue all operations at all Franchise locations under the name of Koala Insulation or any name confusingly similar thereto;
- Immediately and forever cease to use any Koala Confidential Information or proprietary materials, information, equipment, procedures and techniques associated with the Koala

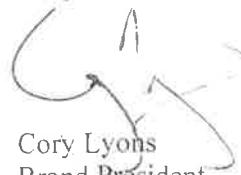
System, including all trademarks and service marks associated with Koala Insulation or its parent or affiliated companies;

- Immediately take all steps necessary to amend or terminate any registration or filing of any business names, doing business as ("DBA") names, fictitious names or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with Koala Insulation or the System;
- Immediately de-image all the Rigs and any and all vehicles and/or equipment to completely disassociate from Koala Insulation and/or the System, including, without limitation, the removal of all signs bearing Koala Insulation's name (or that of its parent or affiliated companies) and may not operate any business under any name which performs the same or similar services as Koala Insulation for a period of at least two (2) years;
- Immediately surrender all Koala Confidential Information, the Confidential Operations Manual and all copies thereof, together with all records, files, instructions, correspondence and all other materials relating to the operation of the franchised location; and
- Immediately close all accounts with vendors which were opened in connection with the opening and operation of the Franchise. Franchisor has the right to notify Franchisee's vendors that this Agreement has expired or been terminated and to require them to close Franchisee's accounts, if Franchisee fails to do so.

Please note that Franchisor expects full and complete compliance with all post-termination obligations and will take all necessary legal action to protect its business interests in that regard.

Please feel free to contact me with any questions. Thank you.

Very truly yours,



Cory Lyons
Brand President
Koala Insulation Franchisor, LLC

Cc: Tom Welter, Chief Operating Officer (via e-mail)
Sanjay Malhotra, Esq., Vice-President and General Counsel (via e-mail)
Doug Luther, Esq. (via e-mail)